

## REMARKS

Pending claims 1-49 were rejected under 35 U.S.C. 103 over Williams (U.S. Patent No. 6,016,484) in view of Basch (U.S. Patent No. 6,119,103).

### I. Independent Claims 1 & 35

#### A. Neither Williams nor Basch Discloses or Suggests Required Claim Elements

The prior art must disclose every element of the claims. Independent claims 1 & 35 each require the following elements (or functionality):

- (c) submitting information regarding said identified payment instruments to a computer-implemented transaction evaluator configured to automatically select one of said identified payment instruments based on the relative economic utility of said identified payment instruments;

(Emphasis Added).

- (d) receiving from said transaction evaluator a selection of one of said identified payment instruments;

(Emphasis Added).

The Examiner concedes that Williams does not disclose or suggest selection of a payment instrument by a transaction evaluator based on the relative economic utility of two payment instruments (page 3). However, the Examiner cites Basch as disclosing these elements. Applicants respectfully disagree.

For example, the Examiner cites Basch, col. 9, line 38 -- col. 10, line 13, for "receiving an automatic selection." Applicants have carefully reviewed the cited text, and can find no disclosure or suggestion of selection. The cited text does disclose "multiple financial risk scores," but the only disclosed uses of such scores are to "generate financial risk alerts" (col. 9,

lines 41-42), to "enable [a] transaction authorization system ... to either authorize or deny a particular authorization request" (col. 9, lines 47-48), to "assist in the clearing and settlement process" (col. 9, lines 50-51), and to "enable account issuers to take steps to protect existing credit lines" (col. 9, line 58-59). All of these uses pertain to actions by a conventional, single-issuer transaction (authorization, settlement, etc.). But there is no disclosure or suggestion of selecting from among multiple payment instruments based on their relative risk scores.

Indeed, the only disclosure or suggestion of multiple financial risk scores is in the context of the same payment instrument. Specifically, Basch includes the ability to assess the same account for different types of risk, such as bankruptcy risk v. fraud risk. (See Basch, col. 9, lines 32-35). These are not separate scores for different payment instruments. They are different scores for the same payment instrument.

Further, the only discussion of multiple payment instruments in the cited portion of Basch is to use scoring from the transaction history of one account to predict risk in another account. (See Basch, col. 9, lines 58-61). This merely extends an evaluation from instrument 1 to instrument 2 (e.g., where an evaluation is not available for instrument 2). It is not a selection based on multiple instruments' risk scores.

For the foregoing reasons, Basch fails to disclose or suggest a required element of every claim.

## **B. No Motivation to Combine**

### **1. Hindsight Reconstruction / No Motivation to Combine**

The Examiner states that "the motivation to combine is to teach an economically beneficial means of selecting a payment instrument to minimize risk of financial loss ..." The Applicants respectfully submit that this constitutes impermissible hindsight reconstruction. The motivation to combine cannot be "to teach" a solution to the problem. Teaching a solution to the

problem can be (and should be) the result of a proper combination . . . but to say that teaching constitutes the motivation to combine, is to put the cart before the horse.

## **2. Completely Different Applications / No Recognition of the Problem to be Solved**

Each prior art reference must be viewed as a whole. Williams and Basch are directed toward two entirely different applications. Williams provides a user with an electronic wallet for electronic transactions. Basch allows a payment instrument issuer to approve/deny transaction requests for its particular payment instrument.

Admittedly, the prior art references do represent the conventional starting and ending points of a transaction – the user picks a credit card to use, and the selected card is approved and processed. But what is entirely missing is any connection between the two -- selecting one of several available cards based on some external criteria besides (or in addition to) the user's internal preferences.

The prior art does not teach "selection" because the prior art totally fails to recognize the problem that is solved by claims 1 & 35. This is yet another indicia of nonobviousness.

## **3. Teaching Away**

Finally, Basch even teaches away from the problem solved by the inventions of claims 1 and 35. Basch provides a method for screening a customer's risk, and allowing an issuer to deny transactions that are deemed to be high risk. Thus, Basch's operations occur after the point in the transaction when a specific payment instrument has been committed for use in that transaction. In contrast, essential aspects (e.g., elements b, c & d) of the inventions of claims 1 and 35 occur prior to selection of the payment instrument.<sup>1</sup>

Conceptually, one can analogize the sequence of steps in processing a transaction to driving a car down a road. Although Applicants and Basch are all travelling in the same general

<sup>1</sup> Even though some incidental steps of the claims (e.g., receiving funds) would occur after.

direction, key aspects of Applicants' claims 1 & 35 involve driving toward a particular point on the road. In contrast, Basch is headed away from that point. In that sense, Basch teaches away from Applicants' claims 1 and 35.

Basch also teaches away from the inventions of claims 1 & 35 in another respect. Basch is targeted, among other things, at preventing fraudulent transactions. However, people attempting to commit fraud will often supply only one payment instrument because finding two fraudulent payment instruments (as required by Applicant's claims 1 & 35) is more difficult though not impossible, and presenting two fraudulent payment instruments increases the probability of detection.

## **II. Dependent Claims 2-34 & 36-49**

The rejection of the remaining (dependent) claims, 2-34 and 36-49, is believed to be moot in light of the arguments above. Therefore, the Applicants do not compare the specific elements of those claims vis`-à-vis the prior art at this time.<sup>2</sup>

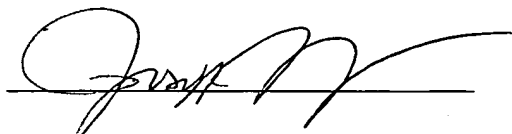
<sup>2</sup> However, this should not be interpreted as conceding that the prior art discloses the additional elements presented by these claims.

## CONCLUSION

In view of the foregoing, Applicants request that pending claims 1-49 be passed to allowance. If the Examiner believes a discussion of the above would be useful, he is invited and encouraged to call the Applicant's attorney, Joe Yang, at (650) 470-4565.

Respectfully submitted,

Date: December 17, 2003

A handwritten signature in black ink, appearing to read 'Joe Yang', is written over a horizontal line.

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